

NEWSLETTER OF THE FACULTY  
OF ECONOMICS AND BUSINESS  
ADMINISTRATION

5 | 2010

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At Goethe University's Faculty of Economics and Business Administration, students enjoy the highest educational standards, enhanced by specialized opportunities to suit their individual needs. Our courses cover the entire scope of economics and business studies, with degrees ranging from Bachelor and Master to Executive Master of Business Administration and to Ph.D. and doctorate.

50 internationally experienced professors offer excellent teaching to the more than 4.000 students, supported by roughly 100 research assistants and supplemented by renowned guest lecturers. Our academic education is marked by excellent research and close proximity to the practical business world.



Dear students, colleagues, researchers, alumni, and friends,

The year 2010 is coming to an end, and the holiday season is quickly approaching. I wish all readers a merry Christmas and a successful year 2011.



Prof. Dr. Alfons J. Weichenrieder

It is not only the year that comes to a close; it is also an era. On December 4th, we had the last major commencement day for our diploma students. With our new bachelor's and master's programs, diploma students indeed now belong to an endangered species.

At the same time, I am convinced that the education they received at our university is highly respectable. A good opportunity for me to get feedback from students is when after an exchange semester I am asked to acknowledge equivalence of the foreign courses they have taken with my Frankfurt courses. It is always interesting for me to hear about our students' experience abroad. Often they report about more project-oriented learning and smaller classes. But almost all agree that the Frankfurt academic standards are at least as high as those abroad – in most cases even more demanding. It is not only our

bachelors and masters who profit from these standards; they are also benefiting our diploma students in their future careers. The strong theoretical foundation that is emphasized here enables them to analyze and to evaluate new situations quickly. And certainly the theoretical framework is outdated much more slowly than sheer institutional facts.

Of course, we would be keen to match the smaller class sizes that are possible in some universities abroad. Alas, this would require considerable new funding. What most students here in Frankfurt may not know is that, for the government, the education of students in economics and business is quite a bargain compared with that in other programs.

For a student of medicine the University receives 25,160 euros per year, of engineering 15,676 euros, of mathematics

6,728 euros, and of the humanities 6,160 euros. In economics and business administration the basic funding is only 4,548 euros.

Clearly, the State of Hesse profits greatly from the Frankfurt financial and economic hub. I think this is good reason for providing excellent economics education and calls for a prompt correction of the basic funding. While it is gratefully acknowledged that the government is investing massively in the facilities at our new campus, our wish for better treatment in the basic funding is something that we all will certainly have to push for beyond Christmas.

With best season's greetings,

Alfons Weichenrieder

*Dean of the Faculty of Economics and Business Administration*



## ERC Starting Grant for Prof. Nicola Fuchs-Schündeln



**Prof. Nicola Fuchs-Schündeln**, born in 1972, an economist at the Frankfurt Goethe University and a member of the excellence cluster Normative Orders, has received one of the coveted ERC Starting Grants. This academic prize is the object of strong international competition and is endowed with almost €1.4 million. Prof. Fuchs-Schündeln's award is in recognition of her project "The Role of Preferences and Institutions in Economic Transitions." ERC Starting Grants are among the best-endowed academic grants within the EU. The Goethe University currently ranks third among the German universities in number of ERC Grants.

In his congratulatory note, the university president, Prof. Werner Müller-Esterl, said, "I find it remarkable how exceptionally soon after joining the Goethe University in 2009 Prof. Fuchs-Schündeln managed to accomplish this great academic success. It makes her one of the leading academics of the younger generation in her field." In the eyes of the president, the new ERC Starting Grant is also proof of the excellent recruitment policy of the Goethe University in recent years.

Fuchs-Schündeln came to the Goethe University from Harvard University in July 2009. She holds the Chair of Macroeconomics and Economic Development. She is also principal investigator of the excellence cluster Normative Orders, primarily focusing on normative concepts of economic activities.

In her research, Prof. Fuchs-Schündeln is concerned with the emergence of preferences in regard to redistribution, economic structures, and forms of government, as well as with the significance of heterogeneous preferences for economic decisions, in particular with respect to saving and consumption behavior and labor supply. Another research focus is on the analysis of the transformation process in eastern Germany.

*Contact: Department Marketing & Communication, Goethe University*

## Jan Pieter Krahnert appointed an expert by Germany's Federal Ministry of Finance



**Jan Pieter Krahnert**, a professor of corporate finance and a Director of the Center for Financial Studies, has been appointed a member of the scientific advisory council for Germa-

ny's Federal Ministry of Finance. This council was established in the 1960s, and aims to support politicians by providing them with advice on the fundamental challenges for the future. The council has an independent status and considers itself as being the "scientific conscience" of the politicians that it serves. (ag)

## Hans-Joachim Böcking appointed to European committee



**Hans-Joachim Böcking**, a professor of accounting and corporate governance with a focus on auditing and corporate governance, has been appointed to the

Consultative Working Group of the CESR Corporate Reporting Standing Committee, in response to a proposal by the Federal Financial Supervisory Authority (BaFin).

The committee is concerned with matters of financial accounting, auditing, and corporate publicity at the European level. It exerts proactive control of and influence on developments in the fields of accounting and auditing. Moreover, the committee supervises the adoption process of the International Financial Reporting Standards (IFRS) in the EU countries, the so-called endorsement procedure. Another

focus is on the coordination of activities of the national enforcement institutions.

The CESR (Committee of European Securities Regulators) is an independent committee of the national regulatory agencies of the EU, headquartered in Paris. The organization's objective is to promote the coordination of those national regulatory agencies and to counsel the EU commission on the development of guidelines. As of January 1, 2011, the CESR will be replaced by the ESMA (European Securities and Markets Authority). As a European authority, the ESMA will be entitled to stipulate binding standards and to make individual decisions, so contributing to the creation of a unified European regulatory framework.

Hans-Joachim Böcking earned both his doctorate and postdoctoral lecture qualification at the Goethe University. Before returning to Frankfurt in 2000, he held professorships at the universities of Bielefeld, Hanover, and Mannheim. In 1999, he also was Dean of the Economics Department at Mannheim University. Professor Böcking is an active member of numerous committees, including the German Chamber of Auditors, the advisory board of the German accounting inspection authority, and the academic advisory board of the Deutsche Aktieninstitut e.V.

For more information on the CESR, visit [www.cesr-eu.org/](http://www.cesr-eu.org/).



Michaelis Haliassos, 5th from left to right, and the "research national team"

## Michalis Haliassos counsels Greek government department

The Greek secretary of education Anna Diamantopoulou has appointed **Michalis Haliassos**, Chair of Macroeconomics and Finance, to the National Council on Research and Technology. That consulting committee supports the Greek ministry of research and education in matters of funding and research transfer.

Its eleven members come from various fields of natural, social, and engineering sciences. They represent the most renowned universities of the world, including MIT, LSE, Brown University, the US National Cancer Institute, the US National Institutes of Health, and the Ecole Normale Supérieure. Prof. Haliassos is the only German representative and also the only economist

in the "research national team," as the secretary called the committee in reference to its eleven members.

Born in Greece, Michalis Haliassos studied in Cambridge University and at Yale University, where he earned his PhD in 1987. His doctoral adviser was Nobel laureate James Tobin. Haliassos then worked as an assistant professor at the University of Maryland, College Park, before returning to Europe and continuing his career at the University of Cyprus. In 2004, Haliassos was appointed to the Goethe University's Faculty of Economics and Business Administration, where he has held the office of deputy dean for international relationships since 2006. In addition, Prof. Haliassos is Director of the Center for Financial Studies and program director of the master's course in money and finance. (ag)

## Sebastian Krautheim is new junior professor of international economics



As a new fellow of the Department of Applied Econometrics and International Economic Policy, **Prof. Sebastian Krautheim**, Ph.D., will assume his junior professorship of

International Economics on November 1. Krautheim studied at the Goethe University and earned a German-French dual diploma in cooperation with the Université Paris Dauphine.

His doctoral thesis, titled "Trade and Foreign Direct Investment in a Globalized World Economy: Lessons from Models with Heterogeneous Firms," was completed in 2009 at the European University Institute in Flor-

ence. His doctoral advisers were Professors Giancarlo Corsetti and Morten Ravn. Until 2008, Krautheim was an academic fellow at the Paris School of Economics.

At the Université Paris 1 Panthéon-Sorbonne, Prof. Krautheim taught economic integration. This winter semester, he will be delivering the master's lecture course "Fundamentals in International Economics." His research focuses on international trade, foreign direct investment, and international tax competition. His paper "Heterogeneous Firms, Profit-Shifting FDI and International Tax Competition" (co-authored by Tim Schmidt-Eisenlohr, CBT Oxford) has been accepted for publication in the *Journal of Public Economics*.

Newsletter Q4 

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## Germany's Professor of the Year: Andreas Hackethal



**Prof. Andreas Hackethal**, head of the Goethe Business School and professor of finance, has been elected Professor of the Year in the Economics/Law category. The title is awarded by *Unicum Beruf* magazine to professors who prepare their students well, during their studies, for the requirements of professional life.

*"This award came as a wonderful surprise. I am particularly happy about this positive feedback that tells me my commitment is being recognized by the students and bearing fruit,"* said Hackethal. He also regards the award as *"a confirmation of the excellent teamwork at the Faculty of Economics and Business Administration."* The jury praised the well-founded manner in which the nominee prepares his students for their professional careers in the course of his elaborate bachelor's, master's, and further development classes.

Hackethal generally receives top ranks in the students' teacher evaluations. Hackethal says the award motivates him to improve his performance further. The current Frankfurt initiatives, such as offering the majority of classes in English and uploading lectures as Internet streams, are, in his view, a step in the right direction.



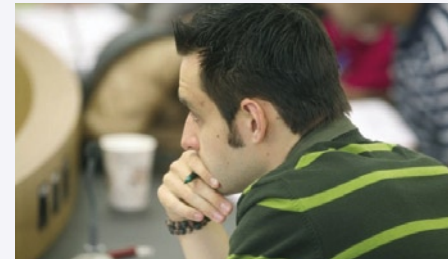
**„I experienced Prof. Hackethal as a highly enthusiastic professor with a true concern for students' progress. His passion for finance is very inspiring.**

**With his profound knowledge of the topic he equips students with a very comprehensive and truly state-of-the-art knowledge of finance."**

Anja Bohlen, student of the Full-time MBA Program, Goethe Business School

## Frankfurt Young Academics Award

## 2010 Frankfurt Young Academics Award for excellent investment ideas



**Stefan Pitschner**, a graduate of the Money and Finance master's course, has, for the second time, won the 2010 Frankfurt Young Academics Award for Excellence in Asset Management. He received the prize in recognition of his work on "risk adjusted outperformance by means of computer-based capital market models." The award was initiated by the asset management firms Berlin & Co., Lupus alpha, Metzler Investment, and Union Investment; the University's Chair of Investment, Portfolio Management, and Pension Finance; and the German Association for Finance Analysis and Asset Management (DVFA)

The initiative is aimed at directing the interest of young talents to a career in the field of asset management and bridging their transition from theory to practice. The prize is provided with a total of €20,000 for the three best submissions; Pitschner won

the first prize of €10,000. The prizewinners are also given the opportunity to put their knowledge into practice in the course of a placement with one of the initiators, so as to get insight into the professional field of asset management. Students, graduates, and postgraduates from all disciplines enrolled at a German-speaking university or school of applied sciences at the time of their submission are eligible.

The theses may refer to any asset class (stocks, fixed income, derivatives, real estate, alternative investments) or any management concept (individual paper selection; strategic, tactical, or dynamic asset allocation; value guarantee concept; currency management; etc.) For more information on the 2010 Frankfurt Young Academics Award – Excellence in Asset Management and the initiators of the award, visit [www.nachwuchspreis-eam.de](http://www.nachwuchspreis-eam.de).

Subsequent to acquiring his master's degree, Pitschner received a grant at the renowned Pompeu Fabra University in Barcelona, where he will join the Graduate Program of Economics, Finance, and Management. He described his experiences in the master's course in money and finance in an interview in the last issue of this newsletter, 04/2010.



## Award-winning doctoral theses



Dr. Ju-Young Kim

As many as three doctoral thesis awards were won by academics in the Marketing Department this year. **Dr. Ju-Young Kim** received the Chamber of Industry and Commerce Award and the Schmalenbach Award for her cumulative thesis on "Innovations in Pricing." The third award went to **Dr. Salome Nies** for her research on "Private Label Management." The advisor for both theses was Prof. Martin Natter from the Hans Strothoff Endowed Chair of Retailing.

The **Schmalenbach Award** recognizes application-related work that constitutes academic progress in the service of practical business administration. It is granted by the Schmalenbach Foundation in cooperation with the Schmalenbach Association for Business Administration and the German Association of Business

Administration University Teachers and amounts to €10,000. The award was presented on the occasion of the 64th Betriebswirtschaftler-Tag in Düsseldorf on September 30. The jury president, Prof. Alfred Wagenhofer, said that Kim's work was a model of combining academic excellence with a practical service function for business as postulated by Eugen Schmalenbach.

The **Chamber of Industry and Commerce Doctoral Award**, amounting to €6,000, is presented annually to an outstanding young academic from the Economics Faculty of Frankfurt University. The prizewinners are elected by a committee composed of two Faculty professors and two chamber representatives. The prize will be presented to Dr. Kim at a later time.



Dr. Salome Nies

This year's **Erich Gutenberg Award** for young academics goes to Dr. Salome Nies. It is annually presented for "outstanding achievements in business administration by young academics who have made original contributions to the theory of enterprise."

The award is not just a doctoral prize; it is awarded to individuals who have, beyond their doctoral thesis, demonstrated their academic expertise in the form of publications in refereed journals, thereby qualifying themselves for assignments as university teachers in business administration early on in their academic careers.

Dr. Salome Nies is in the process of qualifying as a professor at Prof. Dr. Martin Natter's Hans Strothoff Endowed Chair of Retailing. (ag)

## Foundation Award



Christoph Wallek

**Dipl.-Kfm. Christoph Wallek**, academic assistant at Prof. Hans-Joachim Böcking's Chair of Accounting and Corporate Governance, has received the 2010 Foundation Award from the Foundation of Hessian Auditors.

Wallek's research focuses on the accounting of small and medium businesses. The prize of €7,500 is shared, in equal parts, with five other researchers.

The essays submitted by the prizewinners all dealt with the question "How can the accounting of non-capital-market-oriented enterprises within the EU be reconciled?" According to Böcking, a comparison with the U.S.A. suggests that such enterprises enjoy greater liberties there than in Europe. (ag)

## Inadequate Education, Causal Effects and the Social Costs of Crime



In a research project on behalf of Bertelsmann Stiftung (not to be confounded with the media company Bertelsmann AG) **Horst Entorf** and Philip Sieger (Department *Applied Econo-*

*metrics and International Economic Policy*) studied the interrelationship between educational status and criminal activity. Primary focus is on 'inadequate education', here defined as the failure to obtain a certificate of lower secondary education (*Hauptschulabschluss*), or 'dropping out of school' for short, as this qualification, to all intents and purposes, constitutes a crucial access requirement not only for vocational training and career entry but also for social inclusion. The study also attempts to estimate the costs of crime that accrue to society in response to inadequate education.

To assess crime-related costs of inadequate education, it first of all had to be established that causality runs from individual levels of qualification to criminal conduct. Only if there is reliable evidence to support this claim, it can be assumed that costly reductions in the number of school dropouts will incur the estimated crime-related cost savings. Even though the anecdotal

evidence suggests a strong association between education and crime, a superficial observation risks misinterpreting mere correlation as a causal relationship. Causality, however, might also proceed in reverse: Conceivably, juveniles with low chances in legal careers might deliberately engage in criminal activities during the adolescent years, thereby neglecting time required for education, vocational training or employment.

Based on an econometric estimation and instrumental-variable based tests, this study proves – for the first time in relation to Germany – that there is a causal relationship between criminal conduct and low levels of education. The analysis uses data from a population sample of 1,200 individuals with and without criminal record, 1,800 prison inmates as well as a panel dataset for West Germany aggregated over 25 years. Findings suggest that there is a significant association between education and crime, even after accounting for important crime-influencing factors such as criminal family background or religious roots. Results further show that dropping out of school affects drug and alcohol use as well as debt management capabilities. It can therefore be assumed that education impacts upon crime not only directly, but also indirectly via the aforementioned factors.

In a second step of the study, the relationship between crime and education has been tested on the German Laender level. At this point, findings prove ambivalent, depending on the offense concerned: Reductions in the proportion of school dropouts significantly affect the number of cases for 'murder and manslaughter', 'robbery' as well as 'theft'. By contrast, the effects of educational improvements on case figures for 'serious assault' and 'rape and sexual offenses' were negligible.

Based on these aggregate estimations, the study simulates the reduction of school dropouts by 50 percent (which coincides with a popular policy target of the current German government, see Education Summit 2008). Point estimates (ignoring confidence bands for reasons of convenience) suggest strong effects on crime: If we had been successful in halving inadequate education by 2009, this might have prevented 416 homicides, 13.415 cases of robbery and 318.307 cases of in this year alone. Alongside the considerable personal suffering which could have been avoided, such a reform could also have saved costs amounting to 1.42 billion Euro.

These figures represent a conservative estimation. The cost appraisal ignores multiplier effects: A criminal career often goes in hand with discontinuous employment records, benefit claim, addiction problems and negative external effects on


the social environment. Instead, offering young people the opportunity to obtain a sufficient education could enable them to lead a productive life as an active member of society. Such long-term effects can only be determined through a dynamic growth model. In this context, Wößmann and Piopiunik (2009) show that the minimization of inadequate education creates enormous potential for economic growth. Costs arising from corresponding educational reforms would therefore certainly be compensated within the next couple of years.

The full study (in German) can be downloaded from the homepage of the Bertelsmann Stiftung: [http://www.bertelsmann-stiftung.de/bst/de/media/xcms\\_bst\\_dms\\_32620\\_32621\\_2.pdf](http://www.bertelsmann-stiftung.de/bst/de/media/xcms_bst_dms_32620_32621_2.pdf)

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## Voluntary Cooperation and Monitoring lead to Success

*Economists Provide Field Evidence on Forest Commons Management/  
New Publication in "Science"*



Many imminent problems facing the world today, such as deforestation, overfishing, or climate change, can be described as commons problems. The solution to these problems requires cooperation from hundreds and thousands of people. Such large scale cooperation, however, is plagued by the infamous cooperation dilemma. According to the standard prediction, in which each individual follows only his own interests, large-scale cooperation is impossible because free riders enjoy common benefits without bearing the cost of their provision. Yet, extensive field evidence indicates that many communities are able to manage their commons, albeit with varying degrees of success. How do we explain this variation in management outcomes? How do different levels of cooperation emerge and what contributes to their success? The economist **Prof. Michael Kosfeld** examined these questions together with his colleagues Devesh Rustagi and Prof. Stefanie Engel from the Swiss Federal Institute of Technology (ETH) Zurich. The answer: The degree of voluntary cooperation together with the monitoring of free riders



plays a key role in the success of commons management.

In their field study, details of which are published in the November 12 issue of the journal *Science*, the researchers analyzed a major forest commons management program launched to save the biodiversity rich Afro-montane ecosystem and the livelihood of the Bale Oromo pastoralists in Ethiopia. The team was particularly interested in the degree of conditional cooperation in a group. This means that group members are willing to cooperate voluntarily provided that others cooperate as well. Numerous behavioral experiments with student participants have shown that conditional cooperation plays a significant role in solving the dilemma of cooperation. However, so far no evidence exists which corroborates the relevance of conditional cooperation in the field with actual commons users. The researchers' objective was to provide exactly this evidence.

The economists conducted behavioral cooperation-experiments with 679 members from 49 different forest user groups in which they elicited the group members' willingness to cooperate voluntarily. They found that groups differ widely in their share of conditional cooperators, from 0% to 88%. In groups with lower share of conditional cooperators, free rider share was high. To examine how this impacts forest management success, the team ran a variety of statistical analyses which showed that groups with larger share of conditional cooperators were much more successful in managing their forests. The success of a group was determined by the number of trees of intermediate height per hectare. Trees of this kind are vital for the sustainable growth of the forest.

But why are groups with larger share of conditional cooperators more successful at forest management? To entangle this

puzzle, the trio looked at the time spent by group members in monitoring their forest. They found that groups with higher share of conditional cooperators not only cooperate more but also monitor more by conducting patrols through the forest. Such patrols are important for the detection and deterrence of free riding. A group with 60% conditional cooperators was likely to spend on average 14 hours more per month in monitoring than a group without any conditional cooperators. Devesh Rustagi, a post-doc at the Institute for Environmental Decisions, says *"this finding is interesting, as it shows that 2 conditional cooperators are willing to spend resources to detect individuals who free ride at their expense. It provides a behavioral link in explaining monitoring as a success mechanism in commons management."* *"The results of our study provide first-time evidence that conditional cooperation which has been identified in many laboratory experiments before plays a key role in a concrete case of commons management in the*



field,” explains Michael Kosfeld, Director of the Frankfurt Laboratory of Experimental Economics at Goethe-University. *“Our findings fill a long-standing gap between field and laboratory studies on human cooperation.”*

The results also shed light on the evolution of human cooperation. They show a positive co-variation between conditional cooperation and costly monitoring. This is in line with the theory of gene-culture evolution, which predicts higher cooperation in groups where enforcement of cooperation is prevalent.

*“The results yield important policy implications for the governance of human collective action,”* explains Rustagi. *“Because humans differ in their motivation to cooperate, an effective solution to commons problems should not be based on incentives for purely self-regarding individuals alone but needs to explicitly take into account the complex interplay of heterogeneous motivations and behavioral norms to cooperate voluntarily.”*

Prof. Stefanie Engel from the Institute for Environmental Decisions at ETH Zurich concludes: *“Given that the UN has declared 2010 as the year of biodiversity and 2011 the year of forests, the results may in fact open new doors to find solutions to commons problems, which house nearly 18% of the world’s forests and a large share of biodiversity.”*

Anne Hardy-Vennen & Michael Kosfeld

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Chris Werth from Telecom Ecole du Management and the European Affinity Group



## AACSB's European Affinity Group visits the Faculty



On September 28 and 29, the Faculty of Economics and Business Administration, the Goethe Business School, and the House of Finance together hosted the meeting of the AACSB's European Affinity Group (EAG). Founded in 2005, the EAG is an association of all AACSB-accredited universities in Europe.

The group aims at providing European issues with greater weight within the AACSB, which is strongly dominated by US influences. This year, for instance, the annual report, called the “Business School Questionnaire,” was aligned with European

circumstances. Recently the Affinity Group initiated the establishment of a European Advisory Council to integrate and involve itself in AACSB bodies. The EAG meets twice a year, rotating among its members, in order to identify further issues of common interest and to discuss relevant topics.

The approximately 20 guests in Frankfurt included, among others, representatives of renowned universities such as the ESSEC Business School Paris, the SDA Bocconi Milan, the Grenoble Ecole de Management, and the universities of Aarhus, Cambridge, Groningen, Maastricht, Mannheim, and Tilburg.

Following a greeting from Goethe University Vice President Rainer Klump, the focus was predominantly on the election of the EAG board. The previous chairs, Nicolas Mottis (ESSEC), Andrea Gasparri (Bocconi), and Martin Schader (Mannheim

University), did not run for reelection. They had, in the past six years, successfully organized the EAG and its annual meetings. The new chairs are Chris Werth (Telecom Ecole du Management), Julie Perrin-Halot (Grenoble), Jesus Tricas (Ramon Llull Univ. Barcelona), and Jakob Arnoldi (Aarhus).

During a concluding tour of the Campus Westend with Dean Alfons Weichenrieder, the guests expressed their appreciation of the facilities and modern infrastructure of the campus. (ag)

## Farewell to the last *Diplom* class at the Faculty of Economics and Business Administration

On December 4, 2010, we bade farewell to our last class of Diplom graduates at the Faculty. It marked the end of an educative model the success of which has shaped academic education in Germany and at our Faculty for many years. Over decades, business administrators, political economists and teachers of economics have earned their Diplom degree here. The last class is once again proof of the continuous extraordinary quality of education at our faculty, which has always attracted excellent students: As many as 62 of the 345 graduates (18%) achieved top marks.



In the course of the Bologna process, Frankfurt was one of the first universities to make the transition from the Diplom courses to the Bachelor and Master structure. As soon as 2005, the first students were admitted to the Bachelor in Economics and Master in Quantitative

Economics courses. In winter semester 2008/2009, further Master courses were introduced successfully; that same year saw the simultaneous launch of the Bachelor and Master in Business Education.

The variety of Master classes – Management, International Economics and Economic Policy, Money and Finance, Quantitative Economics and Business Education – as well as the international orientation of many courses continue to attract the most talented students from around the globe. While in the beginning, many hurdles had to be overcome, the transition has now been completed successfully thanks to the innovative power of the Faculty. The first graduates – Bachelors in particular – have launched into promising careers, some in continuative study programs in Germany or abroad, others in a broad range of professional fields. Currently, new Master programs are

under development to further improve the Faculty's international profile.



I would like to take the opportunity to wish this year's graduates all the best and great success for their future lives – naturally in the name of the entire Faculty.

Best regards,

Eveline Wuttke, *Academic Dean*





## Shanghai Summer University 2010

This year's fourth annual Shanghai Summer University at the Tongji University took place thanks to the support of Deutsche Bank. Sixteen bachelor students from Frankfurt – from the Goethe University and the University of Applied Science – went on a big trip to China. They took part in a 3-week seminar program and experienced the Chinese culture and Shanghai. The seminar is considered as a *Wahlpflichtfach* with 6 credit points. Sixteen selected Chinese participants from the Tongji University also attended the program.

The topic of the seminar was “China and Europe: Two Different Worlds Moving towards a Common Future,” and its basis was therefore intercultural communication. Lecturers from the Goethe University and Tongji University gave lectures in tandem on intercultural communication and the differences in welfare systems and economic models.

To make the Sino-German exchange intense and interesting, every German student was assigned to a Chinese tandem partner. During leisure time the Chinese buddies showed their German friends life on the campus. They gave them advice and support, especially during the “culture shock” in the first week, and made a major contribution to the German students’



feeling at home in China. The interactive structure of the seminar motivated the students to work in groups to discuss economic topics. As a final exercise, the tandem pairs each gave a presentation that they had developed throughout the period of the SSU.

The varied program, with trips and excursions, gave students the opportunity to learn more about Shanghai and the Chinese culture. German and Chinese participants went for visits to the Deutsche Bank in the fascinating financial district of Shanghai, to the Industrial Park in Taicang, and to the Chamber of Commerce. Trips were organized to surrounding towns, including the city of Hangzhou, called “paradise on earth” by the Chinese. In addition, the group visited the Expo in Shanghai, where they had the opportunity to tour the German Pavilion.

The closing ceremony was a pleasant conclusion to the gratifying experience of the Shanghai Summer University. The vice president of the Tongji University as well as the vice president of the Goethe-University joined the ceremony to signalize the importance of the Sino-German relationship. That evening, the new Sino-German friendships between the participants were sealed, and for most of the German students it was probably not their last trip to China.

In view of the continuing success of the Shanghai Summer University, another one is going to take place next year. You will find further information on the website of the Faculty.

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### International Office



**The Faculty's International Office is, for all its students, the central touch point in matters of foreign relevance. In particular, the International Office advises students with regard to the organization of time abroad and attends to guests from our foreign partner universities during their studies in Frankfurt.**

**Visit our website at: [www.wiwi.uni-frankfurt.de/en/international.html](http://www.wiwi.uni-frankfurt.de/en/international.html)**



## Bachelor



Torsten-Alexander Thebes

*You were one of the first graduates of your class and received your Bachelor in Economics certificate in 2008. Did you celebrate that with a nice vacation?*

In fact, I had decided to take a gap year; so I went to Kuala Lumpur to work for KPMG Advisory for half a year. Towards the end of this sabbatical, I did take a couple of weeks off, as you might expect.

*So why this exotic location, of all places?*

I've always been interested in the Asian region. As a bachelor student, I went to study in China for a while; I even had enrolled for business Chinese classes at the Faculty in Frankfurt. My initial contact with KPMG Advisory was primarily owed to the excellent business connections of the Goethe University. I started with a placement at KPMG in Frankfurt; later on, I worked there as a student trainee during my bachelor studies.

My choice of Malaysia was not least due to its being in the center of the emerging Southeast Asian countries, which makes it some kind of a hub for the entire region. The country is not yet as Western-oriented as, for instance, Hong Kong or Singapore. That made it an exciting challenge for me – both professionally and personal.

*You recently earned your master's degree at the renowned University of St Andrews, which was established as early as 1413 and is, next to Oxford and Cambridge, one of the elite universities in the U.K. Did you have any difficulties getting admitted there?*

Generally, for admission to British universities you need good average marks, good English skills (typically a TOEFL), and a minimum of two references from professors who were among your advisors.



St Salvator's Quad, University of St Andrews

The St Andrews School of Economics & Finance requires an additional elaborate motivational letter as well as an exemplary



School of Economics &amp; Finance, University of St Andrews

academic paper in English. The decision is normally based on these documents; if necessary, the student is also invited for an interview.

*Did you feel optimally prepared by your bachelor studies at the Goethe University?*

Definitely! My majoring in economics came in extremely useful in my master studies; in particular, the Faculty's international orientation through its professors and teaching was an important factor for my further studies. And I kept coming across research papers from my Frankfurt professors, not only while writing my master's thesis but also during my studies in St Andrews. I think that demonstrates the quality of an academic fundament acquired in Frankfurt.

*What are your plans for the future?*

My goal has always been an international career, and that's exactly what seems to be happening right now. I'm happy to report

that KPMG has contacted me again. The department I used to work for makes about 25% of its revenue abroad; so our German team is busy with a variety of projects from Ireland to Nigeria to China.

*In retrospect, how do you assess the Frankfurt bachelor courses? Do you have any proposals for the Faculty – anything we ought to improve?*

If I had to choose again, I'd again go to Frankfurt and the Goethe University. When I started to study, the Faculty was one of the spearheads in German Bachelor courses. Looking back, it wasn't just this pioneering atmosphere that made the Faculty so attractive; it was the dynamism among the students and professors. I think the Faculty ought to sustain this character: in combination with Frankfurt as a business center, this makes for a truly unique place of study. (bk)

## Ph.D.



Shafik Hebous

*You are one of the first to earn their Ph.D. in economics. What does it feel like?*

These are special moments when one realizes that a task has been successfully accomplished or a dream has been achieved. It is only a very short time, however, until the next aim prevails in one's mind. That is a sort of internal engine that keeps us moving forward.

*You started by earning your master's degree in economics in Magdeburg and then proceeded to study international economics in Kiel. What drove your decision in favor of the Frankfurt Ph.D. program after that?*

My decision to move to the Goethe University was optimal. It is a modern and dynamic university in an exceptionally dynamic city. The Ph.D. program in economics in Frankfurt has rigorous standards that are at a high international level. We have here greatly respected faculty members with high abilities

for teaching and conducting research. In short, I describe Frankfurt and its university as a place full of opportunities.

*Is it quite a leap from the master's course to the Ph.D. program? And in what respect?*

It depends on the nature of the master's and the following Ph.D. programs. In general, passing exams after lectures involves inter alia studying hard and following the structure of the program. Working on a Ph.D. thesis requires self-discipline, self-motivation, and meeting the challenges of conducting research independently. So it is not only about the workload, but also about the types of the workload in both stages.



Shafik Hebous: „It is a modern and dynamic university in an exceptionally dynamic city“



Goethe University: a place full of opportunities

*How would you describe your time at the Frankfurt Faculty, both as a Ph.D. student and as an assistant at Prof. Weichenrieder's Chair of Economics and Public Finance? Did you find your double identity as student and assistant helpful? What is particularly good, and where is there room for improvement?*

There is a lovely atmosphere here. I very much enjoyed being a student and a research assistant at the chair of Prof. Weichenrieder. Working at the chair enabled me to gain rich experience. Certainly, writing the dissertation and simultaneously fulfilling other professional duties require careful coordination and time management. However, those are components of academic competence.

*What exactly is your thesis "Microeconomic and Macroeconomic Effects of Fiscal Policies in a Global Economy" about? Can you give us a three-sentence summary?*

Microeconomic results in my thesis suggest that multinational firms respond to international differences in corporate income taxation, for instance, when selecting a location for a new affiliate and by adjusting the debt-to-capital ratios of the affiliates within the group. Macroeconomic results indicate that the expansionary effects of fiscal stimuli in the euro area would be larger if fiscal actions were coordinated across member countries.

*Are you planning to proceed with your academic career in this field? What's next for you?*

Yes! I still have a couple of research ideas that make me very curious. (ag)



## Diploma



Jan Schneemeier

*You graduated in Goethe University's Diplom program in Business Admin as one of the best students. Today you are a student of a PhD in Economics at the renowned University of Chicago. When did you decide to join a PhD program instead of working in a job?*

I developed the decision to join a PhD program during my first semesters of my undergraduate studies. The final impetus was given through conversations with professors and other graduate students throughout my visiting semesters abroad at the University of Iowa and London School of Economics. I always tried to base my decisions solely on my intellectual interests. It is appealing to be able to become acquainted with a certain academic field and to build something yourself.

*Why did you apply for a program in Economics and not for a MBA program?*

At the beginning of my undergraduate studies in Frankfurt it was really impossible

to fell a reasonable decision for one of the two fields. Later on I was lucky that I was able to specialize in finance where I could deal with economic issues despite my choice of business. In Chicago I now have the opportunity to apply my knowledge of finance to broad economic questions thus putting it on a wider and more solid basis.

*Why USA, why Chicago? How can I think of the application process?*

Actually the application process already starts in the first semester because good grades are one of the most important factors for the admissions committee. It gets really serious around one year before the programs start: prepare for the GRE test, organize your letters of recommendation from (mostly three) professors, etc. In the end, I applied to the 'Top 10' schools in the US and five 'safety schools' in Europe. Once I had received all the application results, I based my decision on both the reputation and the financial support. Chicago scored well in both areas.

*Do you get financial support?*

I could not afford the tuition fees and living costs in Chicago without financial support by the university. So, I am really glad to have both costs covered by the so-called 'Presidential Scholarship' for the duration of my studies.

*How many hours do have to spend at the University? How do you spend your leisure time in Chicago?*

The last part of the questions tempts me to ask 'What leisure time?' In fact the first year in Chicago was really work intensive, so that I saw Chicago downtown only in the time between quarters (the campus is located around 20 minutes away from downtown in a suburb called Hyde Park). On a usual day I had around three hours of lectures. The rest of the day I spend either alone or with my study group on campus to work on long problem sets or lecture notes. On average this time summed to around 11 hours per day. Besides studying the university offers a really nice gym to work out. Moreover, the school offers so-called graduate housing for its doctoral students. These apartments have the great advantage to be close to school.

*What do you think about your studies in Frankfurt? Do you think it was a good preparation for a PhD program in Chicago? What is different between the universities?*

On of the most important insights that I got in Chicago is that the academic pedigree does not matter at all. On the one hand you are able to compete with classmates from Harvard or Yale, on the other hand you are behind students from Cape Town or Teheran. So, all in all I am happy about

the preparation that I received in Frankfurt. Even though I wished that I had been able to choose more quantitative courses. A huge difference to Frankfurt is for sure the enormous financial budget in the US which leads to a great pool of resources and financial support for its doctoral students.



Campus

*Do you feel as an "American" now or do you think you might come back to Germany sometimes?*

Although I have gotten pretty used to living in the US, I feel more connected to Germany than I initially thought. I also think that I discovered some advantages that Germany has to offer not until I could see it from further away. Once I am in the position to accept a job offer I will most probably base my decision on both academic and personal preferences. (ag)



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